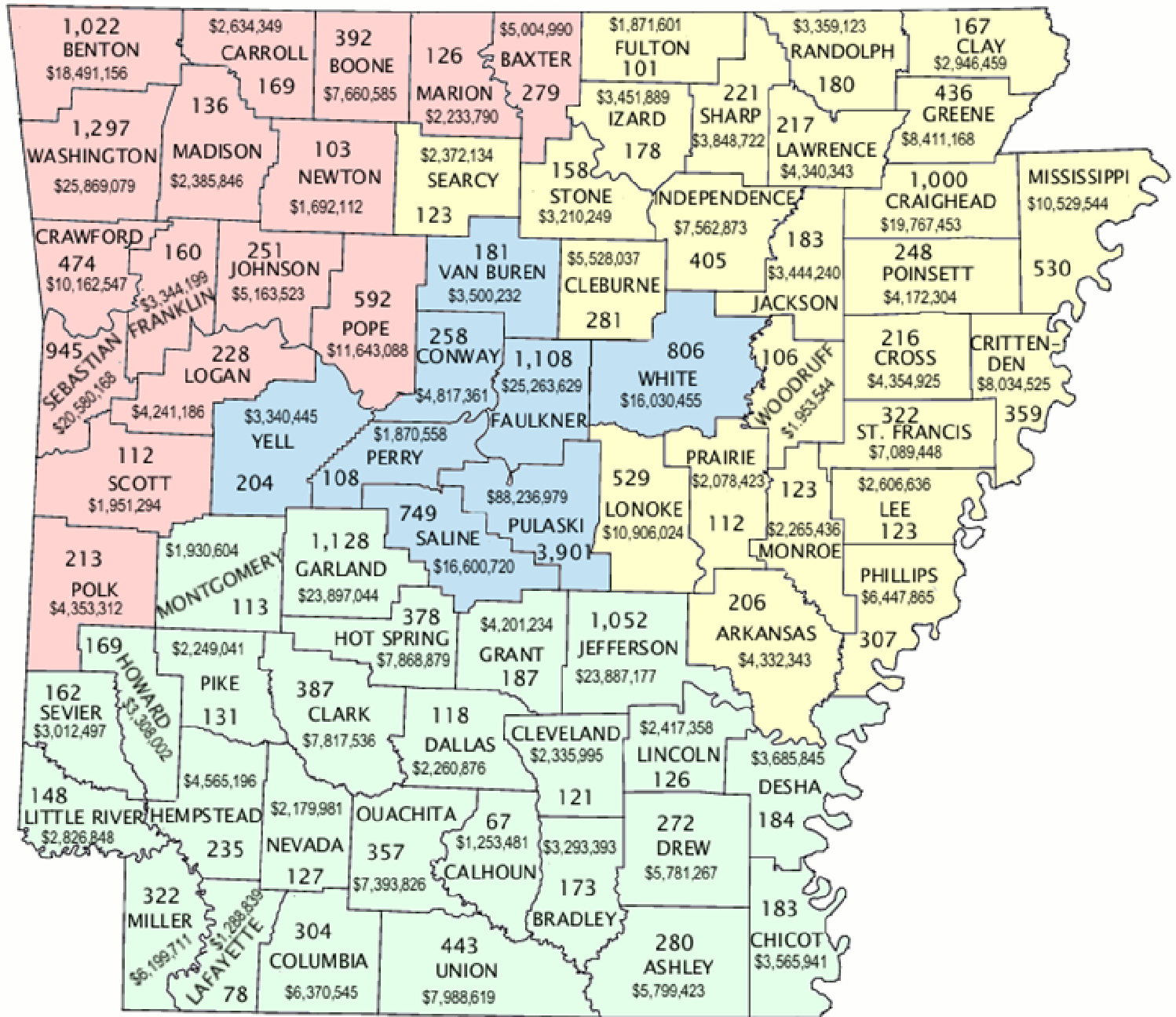


# ATRS Retired Members



## Arkansas Teacher Retirement System

### LEGEND:

# - Retired Members, 30,579 total (2,689 outside AR)

\$ - Annual benefit to Retired Members, \$615,253,828 total  
(\$45,917,759 outside AR)

- 1st Congressional District
- 2nd Congressional District
- 3rd Congressional District
- 4th Congressional District

**Arkansas Teacher Retirement System  
Joint Retirement Committee Meeting  
September 1, 2009**

	Year 2005	Year 2006	Year 2007	Year 2008	Year 2009
Investment Returns - Past 5 Years	10.50%	12.40%	19.10%	-3.70%	*-18%
					(*Essentially Final)
Total Investment Assets (thousands)	\$8,774,050	\$9,810,373	\$11,556,919	\$10,871,338	\$8,805,086
Total Number of Money Managers	42	44	47	58	74
Actuarial Funding Values - Past 5 Years**	80%	80%	85%	85%	Unknown
Unfunded Liabilities - Past 5 Years	3.8 Years	36 Years	19.1 Years	19.5 years	Unknown

\*\*ATRS uses a four year 'smoothed' actuarial net asset value with a 20% corridor when calculating the net unfunded liability. Smoothing is a process of spreading the impact of favorable and unfavorable investment returns over time to minimize the effect of extreme returns. The 20% corridor means the actuarial value and the market value of assets will never be different by more than plus or minus 20%. If the difference exceeds the corridor, excess gains or losses will be recognized to get the difference within the corridor.

- **Estimated 14% active employer contribution for 2008-2009 is :** **\$328,370,865.80**
- **Extrapolating this to 15%, the amount would be:** **\$351,825,927.64**
- **1% in Matching Amounts is approximately:** **\$23,455,062.00**

**ATRS - Centenarians  
Joint Retirement Committee Meeting  
September 1, 2009**

Arkansas Teacher Retirement System has 23 centenarian retirees as of August 26, 2009. The oldest is age 105 years.

- The earliest retiree in this group retired July 1, 1965. This member is a female who contributed \$947 over 15 years of teaching service, and had a final average salary of \$2,365. As of August 26, 2009 this member has drawn \$158,203 in benefits.
- The latest retiree in this group retired on July 1, 1974. This member is also female who contributed \$4,473 over 30 years of teaching service, and had a final average salary of \$6,361. As of August 26, 2009, this member has drawn \$324,641 in benefits.

Averages for this group of 23 centenarian members include:

- |                         |           |
|-------------------------|-----------|
| • Years of Service      | 30        |
| • Monthly Benefit       | \$1,502   |
| • Final Average Salary  | \$5,708   |
| • Benefits Paid to Date | \$322,527 |

There is one male in this category, age 100 years.

### ATRS Benefit Enhancements Since 2003

2007 - Implemented prior legislation allowing members to purchase domestic federal service (Act 1479 of 2003) and federal government service (Act 2091 of 2005) when ATRS's amortization schedule fell below 30 years of unfunded liability.

2009 - Board exercised the authority to compound the cost of living adjustment for retirees for 2009 fiscal year only. The simple COLA applies unless the Board authorizes compound COLA.

2009 - ATRS was granted legislative authority to provide a small ad hoc raise to retirees, subject to the minimum 30 years amortization requirement. ATRS has not exercised this authority.

2009 - Implemented legislation that eliminated the earnings limitation for retirees but requires employer contribution rate at current year levels for all ATRS members including retirees, actives and T-DROP participants.

### ATRS Benefit Reductions Since 2003

2007 - Increased service credit years to qualify for lump sum death benefit from 5 to 10 years. ATRS grandfathered retirees with 5 years of service from the 10-year requirement in 2009.

2007 - The monthly retirement stipend was capped at current level of \$75 monthly per retiree and the lump sum death benefit at \$10,000 per member. These benefits were previously capped at \$150 monthly per retiree and \$15,000 per member for the lump sum.

2007 - Increased qualification for monthly retirement stipend from 5 to 10 years of credited service.

2007 - Eliminated the per child lump sum death benefit. Dependent children receive a survivor annuity until age 18 or age 23 if he/she continues as college student.

2007 - Capped participation in T-DROP to 10 years.

2009 - Eliminated the dependent parent survivor annuity. This was a rarely utilized survivor benefit that negatively impacted parents receiving income sensitive benefit programs such as Medicaid.

### ATRS Statutory Authority to Adjust Member Benefits

Adjust T-DROP plan to maintain cost neutrality of the program. This includes the authority to set the T-DROP interest, currently between 2%-6% annually based on the System's prior year's rate of return and raise the minimum service credit requirement to participate from 28 to 30 years of service credit.

Set the employer contribution rate, subject to the statutory cap of 14%. (Currently set at statutory cap.)

Adjust the multiplier used in the retirement formula, subject to minimum of 2.065% and maximum of 2.15% for contributory members and minimum of 1.305% and maximum of 1.39% for noncontributory members. \* (Currently set at statutory cap.)

Adjust the amount of the lump sum death benefit, subject to cap of \$10,000 per member.\* (Currently \$6,667 for noncontributory members and \$10,000 for contributory members.)

Compound the cost of living adjustment for retirees.\*

Provide an ac hoc increase to retirees.\*

\*Subject to the Minimum 30 Year Funding Requirement on Amortization Years.

**Arkansas Teacher Retirement System  
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[illegible]

## T-DROP Lump Sum Disbursement

				Total				
		Fiscal Year	Count	%	Amount	%		
		2005	508	100	47,665,315.21	100		
		2006	623	100	74,125,597.28	100		
		2007	590	100	70,992,037.75	100		
		2008	593	100	74,913,727.96	100		
		2009	659	100	92,861,066.12	100		
			Annuity Retirants					
			If they had taken Lump Sum					
		Fiscal Year	Count	%	Amount	%		
		2005	217	42.72	17,062,538.00	35.80		
		2006	251	40.29	23,174,309.00	31.26		
		2007	197	33.39	18,268,023.00	25.73		
		2008	178	30.02	18,838,421.00	25.15		
		2009	232	35.20	27,859,368.00	30.00		
			Lump Sum Retirants					
			Rolled-Over to Eligible Plan					
		Fiscal Year	Count	%	Amount	%		
		2005	241	47.44	27,777,422.03	58.28		
		2006	331	53.13	48,349,393.53	65.23		
		2007	353	59.83	50,059,936.07	70.51		
		2008	390	65.77	53,755,116.11	71.76		
		2009	400	60.70	63,368,114.50	68.24		
			Lump Sum Retirants					
			Paid Directly to Member (Taxable)					
		Fiscal Year	Count	%	Amount	%		
		2005	50	9.84	2,825,355.18	5.93		
		2006	41	6.58	2,601,894.75	3.51		
		2007	40	6.78	2,664,078.68	3.75		
		2008	25	4.22	2,320,190.85	3.10		
		2009	27	4.10	1,633,583.62	1.76		